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ABSTRACT

State skills corporations are public/private ventures designed to increase the supply of skilled workers in a state. Using public funds matched by private dollars, the corporations bring business and educational institutions together to train workers for skilled occupations. One of the principal goals of the corporations is to establish an organizational framework for developing a more productive work force that can outlast particular government employment training programs, such as the current federal Job Training Partnership Act or its predecessor, the Comprehensive Employment and Training Act. The skills corporations strive to build capacity in the state educational system to train and retrain workers and to establish ongoing contact between the business and education communities. The first skills corporation was created in Massachusetts, and the idea has since spread to Florida, Kentucky, Minnesota, and Washington. (This report examines the original program in Massachusetts and the two southern programs in Florida and Kentucky.) (KC)

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Foresight

Model Programs for
Economic Development

February 1988

Southern
Growth

Policies Board

Developing a More Productive Southern Workforce: State Skills Corporations

Summary

State skills corporations are public/private ventures designed to increase the supply of skilled workers in a state. Using public funds matched by private dollars, the corporations bring businesses and educational institutions together to train workers for skilled occupations. One of the principal goals of the corporations is to establish an organizational framework for developing a more productive work force that can outlast particular government employment training programs, such as the current federal Job Training Partnership Act (JTPA) or its predecessor, the Comprehensive Employment and Training Act (CETA). The skills corporations strive to build capacity in the state educational system to train and retrain workers and to establish ongoing contact between the business and education communities.

The first skills corporation was created in Massachusetts, and the idea has since spread to Florida, Kentucky, Minnesota, and Washington. This issue of *Foresight* examines the original program in Massachusetts and the two southern programs in Florida and Kentucky.

The corporations often are governed by boards of directors composed of representatives from state economic development agencies, state education

departments, industry, and labor. Shared governance by both the public and private sectors and by both the educational and economic development communities may permit greater innovation and cooperation than is possible where the training programs are under the authority of a single agency.

The structure of a skills corporation permits it to undertake a variety of different programs. Among the more innovative programs some corporations have initiated are institutes which bring together college faculty and industry experts to share information and regional multi-purpose centers. These centers provide one-stop counseling, information on training opportunities, and placement assistance, often focusing on populations with special needs.

Although skills corporations serve a number of training functions, to date they primarily provide occupation-specific training — skill courses designed with a specific occupation, and sometimes a particular employer and job, in mind. Training programs are sometimes targeted for dislocated workers, public assistance recipients, or other economically disadvantaged populations.

In order to strengthen the rationale for publicly funding skills development training, skills corporations can, and sometimes do, emphasize the following in their programs:

*Creating strategies for
economic development*

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- targeting trainees with special needs, such as disadvantaged, handicapped, and chronically unemployed people and displaced workers;
- encouraging courses designed for a consortium of employers with similar needs, rather than courses for a single company;
- adjusting the rate at which companies match public funds to reflect public goals;
- designing courses for broad skills categories beyond the particular job needs of a single company, and opening enrollment in classes to the community at large;
- including training for skilled occupations that lead to public benefits, such as wastewater facility operators (environmental protection) or nursing care providers for the elderly (public health and welfare); and
- emphasizing training courses that can be easily adapted for other training opportunities.

Introduction

*"In the Depression, a person over 40 could not get a job — here we are back at that point again. People with low skills or nontransferrable skills, if they're 40 years of age or up, are terribly disadvantaged in finding other work or resources to get retraining."*¹

Former head of the United States Employment Service, 1986.

One of the ten regional objectives of the 1986 Commission on the Future of the South is to "prepare a flexible, globally competitive workforce by 1992."² The Commission noted that "[t]omorrow's jobs will change: from rural to urban settings, from old manufacturing methods to technological services, from low to high skill, from local to international competition. This increasing complexity means that every link in the chain of education from pre-school through graduate

programs will be under strain as the South struggles to raise the standard of living by raising everyone's standard of thinking. Even while public schools are teaching flexibility and creativity, two-year post-secondary schools must train and retrain the work force."³

The importance of skills training, and especially retraining, is borne out by recent data from the Bureau of Labor Statistics. In 1986 alone, one in ten U.S. workers changed not just jobs, but occupations. More than half of these did so to improve their income or working conditions, but one in eight of those who changed occupations did so because of job loss.⁴

States historically have responded to the need for skilled workers with vocational education and programs to train workers for identified jobs in specific companies. One study of state-supported industry-specific training programs (often called "customized training") identified three waves of innovation over the past 30 years.⁵ The first was initiated by North Carolina in 1957 when the state created its vocational/technical and community college system and began the first state-supported industry-specific training program.⁶ Forty-four states now have such programs. These programs asserted that training for specific jobs was a legitimate public function.⁷

The second wave was led by Louisiana, which in 1974 transferred its Industrial Training Program from the Education

"In 1986 alone, one in ten U.S. workers changed not just jobs, but occupations."

¹ For an overview of these programs, see "Customized Training Programs: Industry-Specific Skills for the South's Work Force," *Foresight*, Vol. 2, No. 5 (Research Triangle Park, NC: Southern Growth Policies Board, December, 1984).

Department to the Office of Commerce and Industry. This formally acknowledged the training as a state industrial policy and as a development cost rather than an educational outlay. Over half of the state industrial training programs are now under the auspices of development organizations rather than education departments.

The third wave of innovation was ushered in by Massachusetts' Bay State Skills Corporation in 1981, a quasi-independent corporation governed by a board of directors made up of state development officials, state education officials, and representatives of industry and labor. The law creating the corporation noted a shortage of training programs to meet the growing needs both of business for skilled workers and of people for new or more rewarding employment opportunities. This shortage was attributed to the inability of educational institutions to develop and expand skills training programs within their resource limits and without private sector cooperation and financial support. At least four other states, including Florida and Kentucky in the South, have adopted this new type of institution — termed a skills corporation — to serve state training needs.

The importance of the skills corporation concept is two-fold. First, it takes a partnership approach to both administration and funding. Bringing together representatives of state economic development agencies, state education departments, industry, and labor to serve on the board of directors or on advisory committees, a corporation seeks to involve all interested parties in the design and administration of state employment training programs. Unlike the original state customized training programs, skills corporation programs usually require a substantial

amount of private matching funds as a prerequisite for project approval, and projects often involve several employers with similar skills training needs rather than just one.

Second, skills corporations include a wide array of programs. For this reason, it is important to distinguish between the skills corporations as institutions and the programs they support. Although the bulk of most skills corporations' efforts are devoted to industry-specific training — usually involving more general skills than the job-specific tasks of traditional customized training — the institutions can and do support several other types of training and related activities. In the case studies that follow, a variety of skills corporation programs — from regional centers for displaced homemakers to international travel for workers to receive training that they then to co-workers — are described.

Bay State Skills Corporation — Massachusetts

The Bay State Skills Corporation bills itself as "the catalyst uniting industry and education in training today's workforce for the jobs of tomorrow." Created in 1981, Bay State was the first state-supported skills corporation.

In Massachusetts' government structure, Bay State is a quasi-public agency located within the executive office of manpower affairs, but is governed by an 18-member board of directors. The board consists of:

- the secretary of manpower affairs;
- the commissioner of the department of public welfare;
- the chancellor of the board of regents;
- the commissioner of the department of education; and
- 14 members appointed by the gover-

"Bringing together representatives of state economic development agencies, state education departments, industry, and labor to serve on the board of directors or on advisory committees, a skills corporation seeks to involve all interested parties in the design and administration of state employment training programs."

nor, including people with experience in business and industry, skills training, education, labor organizations, and minority employment.

Part of the impetus for the Bay State Skills Corporation was a desire to forge government/industry partnerships on a par with those in Europe and Japan. By focusing on growth occupations and technologically advanced industries, the state hoped to broaden its economic development role from assisting ailing companies to also encouraging successful and new companies.

In addition to awarding grants for training projects, Bay State collects and disseminates information on present and future employment needs and the availability of skills training, and sponsors conferences and studies on employment issues.

In 1986-87, the bulk of Bay State's efforts were concentrated in five programs, attributes of which are summarized in *Table 1*:

- industry-responsive training, usually requiring that private sector sponsors provide at least one dollar of funding for each one dollar of public funds committed;
- a program to train operators of industrial wastewater treatment systems;
- special institutes that bring together university faculty and industrial experts to exchange information on emerging technologies and research so that curricula may be kept current;
- a training program oriented to welfare recipients; and
- a network of 25 centers that provide training and counseling for homemakers seeking entry or reentry into the workforce.

The Industry Responsive Training is the least restrictive program. Trainees

can be already employed and need not meet low-income criteria. Training can include skills from entry to advanced level. Bay State increasingly is finding that assistance is needed to retrain existing workers rather than to train new workers. In addition, improved product quality is becoming a more important goal of training programs. Several grants in 1986-87 have been used to introduce the Statistical Quality Control management system, especially in the textile, rubber, automotive, and paper industries to reduce the percentage of flawed products and the time required to find and fix mistakes.

As an example, many large businesses that have adopted quality control systems are encouraging their suppliers to do likewise. Honeywell in Lawrence, Massachusetts, for instance, has reduced its number of sheet metal suppliers and required 100 percent acceptance of delivered lots and 100 percent on-time delivery. Bay State contracted with the Growth Opportunity Alliance of Greater Lawrence, a consulting organization with expertise in teaching Statistical Quality Control, to provide training to several area suppliers. Eleven private sector partners participated. As the president of one of the participating companies stated, "suppliers live or die on quality." Eighty people received training during two three-month training periods. Just as importantly, a series of training tapes were developed which are available to additional interested companies.

The Industrial Wastewater Program provides training to operators of systems that treat wastewater generated by industrial plants before it is discharged into the state's waters. Funded from the proceeds of a water pollution fine, the five year, \$500,000 program was designed to address an activity thought to be given insufficient attention by some companies — particularly small

"Skills corporation programs usually require a substantial amount of private matching funds as a prerequisite for project approval, and projects often involve several employers with similar skills training needs rather than just one."

Table 1. SUMMARY OF BAY STATE SKILLS CORPORATION GRANTS (1986-87)

	Number of Grants	Private Sponsors	Public Grants	Private Matches	Private/ Public Ratio	Number of Trainees	Total Cost Per Trainee	Public Cost Per Trainee
<i>Program Totals</i>								
Industry responsive training	23	210	\$1,120,189	\$1,892,353	\$1.69	878	\$3,431	\$1,276
Industrial wastewater treatment	7	52	\$232,037	\$96,625	\$0.42	226	\$1,454	\$1,027
Special institutes	10	51	\$197,385	\$357,581	\$1.81	200	\$2,775	\$987
Welfare recipient training	16	101	\$837,180	\$562,763	\$0.67	387	\$3,617	\$2,163
Displaced homemaker centers	5	45	\$898,100	\$36,435	\$0.04	1,625	\$575	\$553
All programs	61	459	\$3,284,891	\$2,945,757	\$0.90	3,316	\$1,879	\$991
<i>Program Averages</i>								
Industry responsive training		9.1	\$48,704	\$82,276	\$1.69	38	\$3,431	\$1,276
Industrial wastewater treatment		7.4	\$33,148	\$13,804	\$0.42	32	\$1,454	\$1,027
Special institutes		5.1	\$19,739	\$35,758	\$1.81	20	\$2,775	\$987
Welfare recipient training		6.3	\$52,324	\$35,173	\$0.67	24	\$3,617	\$2,163
Displaced homemaker centers		9.0	\$179,620	\$7,287	\$0.04	325	\$575	\$553
All programs		7.5	\$86,445	\$77,520	\$0.90	87	\$1,879	\$991

Source: Bay State Skills Corporation Annual Report 1987.

Note: figures are approximate

businesses — in the state: proper wastewater treatment and disposal. Courses involve about 60 hours of instruction over one or two semesters and are taught for entry and more advanced levels. Approximately 70 percent of the over 500 people who have been trained have received state certification which is now required for wastewater treatment system operators. As one example from the program, Middlesex Community College in Bedford used a Bay State grant of \$15,340 to provide wastewater treatment system operator training to 18 people. Five private sponsors contributed an additional \$7,460.

The Special Institutes Program provides training of another sort: keeping faculty up-to-date on commercial applications of new technologies. For example, Bay State contracted with Worcester Polytechnic Institute to conduct a special institute in the biotechnology specialty of Mammalian, Plant and Insect Tissue Culture. Nine private sector sponsors provided in-kind contributions to the 24 faculty participants in the eight-day institute program.

Bay State's Welfare Recipient Training has been part of the state's ET CHOICES program to develop skills training courses for recipients of Aid to Families with Dependent Children since 1983. During the program's four years, Bay State has supported training for over 1,200 people with grants of almost \$2.5 million. Private sector participants have contributed an additional \$1.35 million, well above the required 20 percent match rate. Projects sometimes include services other than training such as child care, family counseling, and post-training job placement workshops.

The Displaced Homemaker Program evolved from a state program first

funded in 1979. Twenty-five offices in five regions provide counseling, workshops, skills training, educational programs, and job placement for women entering the workforce or re-entering after a long absence. The five regional grant recipients consisted of three YWCAs, a community college, and the Women's Services Center in Pittsfield. Projects may operate in conjunction with other state programs such as the ET CHOICES welfare recipient training program. For example, 600 ET CHOICES trainees received assistance from the displaced homemaker centers in group sessions that addressed financial management, goal setting, handling problems on the job, and career ladders.

In past years, Bay State has supported other programs, such as youth training oriented towards computer education, training in coastal zone management, and job training for mentally retarded persons. This ability to shift training resources as needs change is one strength of the skills corporation approach.

Either a school or an employer may initiate a grant proposal, and the skills corporation can advise interested businesses on possible educational partners. Grants are awarded to a variety of institutions, including universities, public and private two- and four-year colleges, vocational schools, Job Training Partnership Act skills centers, YMCAs and YWCAs, and other community-based organizations.

There is a statutory maximum award of \$200,000 per grant and grantees must have one or more private sector partners. Groups of partners are preferred; only one of the 61 projects funded in 1986-87 had a single private sponsor. Private sector support may be direct or in-kind services such as staff time or equipment use. Sponsored training

"Part of the impetus for the Bay State Skills Corporation was a desire to forge government/industry partnerships on a par with those in Europe and Japan."

sessions have durations of from three to 36 months.

Bay State will help grant applicants prepare proposals and the Board of Directors meets quarterly to review proposals. After proposals are approved, final program design and budget are approved. The corporation monitors programs closely once they are underway.

During the 1986-87 fiscal year, Bay State had a staff of approximately 18 people and received a direct state appropriation of \$2.5 million. Additional funding is obtained for some programs, such as \$1.5 million from the Department of Public Welfare for the ET CHOICES training program and \$100,000 per year from a pollution fine for the wastewater treatment system operator program. Administrative expenses consume about 15 percent of the corporation's budget.

An analysis of Bay State Skills Corporation demographics conducted in the early years of the program revealed that 29 percent of trainees were public assistance recipients, three percent were disabled persons, 49 percent were women, and 66 percent were white. These demographics may have changed as Bay State's program mix has changed. Of people receiving training through the 1984-85 fiscal year, 91 percent obtained full time employment in the private sector.

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The Bluegrass State Skills Corporation: Kentucky

The Bluegrass State Skills Corporation (BSSC) was created by the 1984 Kentucky General Assembly. Taking as its motto, "stimulating economic development through skills training," the BSSC has identified three main functions:

- administer Kentucky's industry-specific training program;
- act as a broker, coordinating the resources of other organizations involved in employment training; and
- facilitate and fund new educational and training programs designed to meet unfilled training needs in the state.

Unlike Florida and Massachusetts, which have customized training programs conducted by separate agencies, Kentucky places all of its industry-specific training under the auspices of BSSC. In fact, BSSC's initial funding was provided by transferring the budget of the state vocational education New and Expanding Industries Program. As the administrator of industry-specific training, BSSC concentrates on four types of programs:

- entry level pre- or post-employment training;
- upgrading present employees to be more productive;
- advanced training for long-term employment at the professional, technical, and managerial levels; and
- train-the-trainer programs designed to give workers the ability to teach co-workers new techniques.

Entry level pre- or post-employment training is closest to the traditional concept of industry-specific skills training. A typical example from Kentucky was a BSSC grant to Vocational Education Region 15 to provide 37.5 hours of pre-employment training.

"The ability to shift training resources as needs change is one strength of the skills corporation approach."

122.5 hours of entry level classroom instruction, and 100 hours of on-the-job training to nine newly employed technicians at R. R. Donnelley & Company in Danville. The technicians were instructed in safety, computer literacy, quality awareness, problem solving, and offset printing. BSSC awarded \$2,820 for the project and R. R. Donnelley & Company contributed an additional \$9,903.

Upgrade Skills Training is targeted at existing employees whose skill requirements change. For certain types of skills upgrade projects, participating companies must commit to placing at least two-thirds of program enrollees into higher-paying jobs. Murray State University used a BSSC grant to implement 25 skills upgrade training programs for seven nearby employers. Training was provided to 983 employees in such areas as metal machining and fabrication, fluid power systems, and hydraulics and pneumatics. BSSC provided \$42,500 for the effort, which drew private matches totalling \$71,605.

Advanced Skills Training is oriented toward longer-term occupational needs rather than short-term job placement. The program is designed to build institutional capacity to support emerging technological fields. Projects are expected to include state-of-the-art instruction and extensive financial and programmatic involvement of industry. Among the criteria used to review proposed training projects are:

- the development of resources or capabilities not currently available at the institution;
- a commitment to continue the effort beyond BSSC funding; to build a new training capacity at the institution that will be sustained over time; and
- an improved competitive posture for Kentucky in attracting or retaining high-growth industries.

One example of an advanced skills project was a training course in computer-integrated manufacturing developed by Western Kentucky University for 27 South Central Kentucky companies. The project trained 218 people using \$44,030 in BSSC funds matched by \$71,400 in private sector money.

Train-the-Trainer projects are a special type of advanced skills training. They typically pay for travel and instruction for a small group of employees or instructors who receive training at facilities in other states or countries and who then return to Kentucky to train a larger number of co-workers. Alusuisse Flexible Packaging, Incorporated of Shelbyville supplemented a \$17,706 BSSC grant to Vocational Education Region 6 with \$84,403 to train seven employees in Germany and Switzerland in flexible packaging manufacturing processes and equipment. These seven employees then returned to a new plant in Shelbyville where they trained 85 production workers. Travel to Japan has increased sharply in recent years. Japanese employers prefer to immerse the American trainees in Japanese culture and production methods in order to get the most effective training for work under Japanese management.

In addition to employment training for new and existing employees, BSSC plays an important broker role in linking businesses with other employment and training related services provided by the state. BSSC assists companies with labor force recruitment, screening, and assessment and testing programs. BSSC works with the state Department for Employment Services to provide these services.

Much of the BSSC's broker function is carried out through informal working agreements with other state agencies and local economic development

"Unlike Florida and Massachusetts, which have customized training programs conducted by separate agencies, Kentucky places all of its industry-specific training under the auspices of BSSC."

organizations. For example, the BSSC may represent several organizations at meetings with potential industrial developers. The skills corporation's goal is to provide a comprehensive program of employment and training services without duplicating other state efforts. Acting as a broker that understands the full range of services in the state and can bring in other organizations to provide specific services is an important mechanism to achieve this goal.

Job Training Partnership Act (JTPA) funds also are used to further the aims of the corporation. The BSSC works closely with the state's Private Industry Councils which receives funding through JTPA. The Kentucky Department for Employment Services administers the JTPA in the state and coordinates its efforts with the Bluegrass State Skills Corporation.

The third mission of the BSSC — the provision of new educational and training programs designed to meet unfilled training needs in the state — frequently is an outgrowth of its informal relationships with other educational and economic development organizations. As the staff meets with businesses, they may learn of training needs that are unmet. Because of limited resources, the BSSC role in establishing new training resources is usually to identify needs, create partnerships to meet the needs, and provide seed money to establish new programs.

The BSSC has an 18 member board of directors appointed by the governor that includes representatives from business, labor, the educational system, and state agencies. The primary institutional focus of the BSSC is the 14 vocational-technical regions that cover the state, but grants are also

made to community colleges and universities. Although every grant must include an educational institution as a co-sponsor, grant funds may go to the school, the private sector partners, or both.

Grants are awarded to educational institutions for training programs that range from less than a week to more than a month. Private sector matches must be at least equal to the public contribution, but may be in the form of in-kind services or materials. A maximum of \$200,000 may be awarded per grant. The BSSC encourages grant proposals that include groups of private sector contributors. The BSSC works closely with potential applicants in developing proposals. As a result, few applications are rejected.

Table 2 provides details of BSSC's programs during the 1986-87 fiscal year. The Corporation has been particularly successful at leveraging private funds and minimizing the public cost per trainee. During each of the 1985-86 and 1986-87 fiscal years, 98 percent of the people enrolled in training completed the courses.

In fiscal year 1986-87, BSSC had a three person staff and received a state appropriation of \$687,300 — about 19 cents per state resident. Of the state funding, 25 percent went toward personnel, operating expenses, and office capital expenditures, while the remaining \$513,000 was used for grants including subgrants to the Tennessee Valley Authority to develop curricula for technical writing, first-line supervision and management, and industry instructor training programs. The state appropriation for 1987-88 has been increased slightly to \$692,000.

"For certain types of skills upgrade projects, participating companies must commit to placing at least two-thirds of program enrollees into higher-paying jobs."

Table 2. SUMMARY OF BLUEGRASS STATE SKILLS CORPORATION GRANTS (1986-87)

	Number of Grants	Public Grants	Private Matches	Private/ Public Ratio	Number of Trainees	Total Cost Per Trainee	Public Cost Per Trainee
Program Totals							
Entry Level	12	\$94,029	\$246,582	\$2.62	428	\$796	\$220
Skills Upgrade/Advanced	27	\$200,428	\$1,361,027	\$6.79	2,576	\$606	\$78
Train the Trainer	14	\$193,205	\$2,464,006	\$12.75	567	\$4,686	\$341
All Programs	53	\$487,662	\$4,071,615	\$8.35	3,571	\$1,277	\$137
Program Averages							
Entry Level		\$7,836	\$20,549	\$2.62	36	\$796	\$220
Skills Upgrade/Advanced		\$7,423	\$50,408	\$6.79	95	\$606	\$78
Train the Trainer		\$13,800	\$176,000	\$12.75	41	\$4,686	\$341
All Programs		\$9,201	\$76,823	\$8.35	67	\$1,277	\$137

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The Sunshine State Skills Program: Florida

The Sunshine State Skills Program is in its third year of operation. Public grant funds totalled approximately \$700,000 for each of the first two years, but have been raised to \$3 million dollars for 1987-88.

The purposes of the skills corporation's grant program are:

- to establish or strengthen partnerships formed by community colleges with business and industry to increase employment opportunities through education and training;
- to assist businesses to expand and diversify operations;
- to encourage community colleges to serve as catalysts for quality economic growth through specialized training programs for employers;
- to establish a limited number of new programs and training activities which may serve as models for education/business partnerships; and
- to provide a service capacity which will enhance Florida's attractiveness to new business.

Unlike the skills corporations in Massachusetts and Kentucky, which are managed by an independent board of directors, the skills program in Florida is administered by the State Board of Community Colleges. Grant proposals are reviewed by the board and its Economic Development Advisory Committee, a group of nine to 15 people consisting of two to four members of the Board of Community Colleges and representatives of private

industry. This committee provides the public/private partnership fulfilled by the boards of directors in the other two case study states. Although final approval of grant applications rests with the Board of Community Colleges, the Board has adopted the funding recommendations of the Advisory Committee during the corporation's first two years. Proposal reviews include such considerations as environmental impact, the image of the businesses involved in the training, and the likely long-term economic impact to the state. When considering these issues, the Board usually relies on reviews or endorsements by local governments.

Grants are made to community colleges who have obtained partners from the private sector willing to provide matching funds. Grants for training are designed to provide instruction for targeted current and future employment requirements in new, expanding, or diversifying businesses or industries involved in high technology transition.

Sunshine State encourages grant applicants to seek additional assistance from such efforts as the Division of Vocational Education's Industry Services Program, the Department of Labor's JTPA programs, and the Florida High Tech Council, which also provide job training resources. Sunshine State sees its role as filling the training niche between lower-skill entry level or traditional assembly line training and the education supplied by the state's colleges.

In deciding which proposals to fund, the corporation favors nontraditional projects, and projects where high-pay positions or a large number of trainees are likely to result. Proposals are reviewed and grants awarded three times a year. The corporation funded 82 percent of grant requests in 1985-86

"In deciding which proposals to fund, the corporation favors nontraditional projects, and projects where high-pay positions or a large number of trainees are likely to result."

and 64 percent of grant requests in 1986-87. Public grant funds may not be used to purchase equipment, but private sector matches may include equipment purchases, loans, or grants.

The flexibility inherent in skills corporation sponsorship is evident from projects funded over the past two years. Projects have ranged from basic skills to complicated technical training and course sizes have ranged from 12 to over 1,300 trainees. For example, a 1985-86 grant of \$56,294 to Miami-Dade Community College was used to instruct 204 trainees in occupational Spanish and English, writing, and basic mathematics. The private sector sponsor provided \$73,907 in matching funds. A 1986-87 grant of \$4,280 to Palm Beach Junior College was used to train 30 employees in flexible automated manufacturing. The private sector sponsor contributed \$7,415.

Once an educational institution has developed expertise in a particular training topic, courses can be tailored for several different employers. For example, St. Johns River Community College received five grants during 1985-86 to provide instruction in

management and human relations skills for supervisors of five area employers.

Table 3 summarizes data from the Sunshine State Skills Corporation's 1985-86 and 1986-87 fiscal years. The corporation operates with a small staff of one full-time professional, one part-time professional, and part-time administrative support.

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Commentary

It is important to distinguish between the skills corporations as institutions and the programs they sponsor. As institutions, the quasi-independent, representative nature of most of the corporations offers significant advantages. Since the corporations usually are governed by boards of directors

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Table 3. SUMMARY OF SUNSHINE STATE SKILLS CORPORATION GRANTS
(1985-87)

	Public Grants	Private Matches	Private/ Public Ratio	Number of Trainees	Total Cost Per Trainee	Public Cost Per Trainee
1985-86 Totals	\$668,250	\$1,226,912	\$1.84	4,345	\$436	\$154
1986-87 Totals	\$698,883	\$2,253,048	\$3.22	2,877	\$1,026	\$243
Combined Totals	\$1,367,133	\$3,479,960	\$2.55	7,222	\$671	\$189
1985-86 Average	\$31,821	\$58,424	\$1.84	207	\$436	\$154
1986-87 Average	\$53,760	\$173,311	\$3.22	221	\$1,026	\$243
Combined Average	\$40,210	\$102,352	\$2.55	212	\$671	\$189

with representation from both the public and private sectors and from both the education and economic development communities, greater innovation and cooperation may be possible than if the training programs were under the direct control of any single agency. With such a diverse composition, forging communication and working relationships among the interests represented on the boards can be significant challenges. It is not uncommon for the creation of skills corporations to involve conflict between different state agencies for control of the corporation. But success in establishing communication and cooperation seems to be an important ingredient in the overall successes of the corporations' programs.

The composition of the corporations permits them to sponsor and administer a wide range of programs, an ability evinced by the efforts of the three case study states. Although some of the corporations are predominantly involved in company-specific training, they have also developed innovative programs for training, outreach, and cooperation. *Table 4* compares public funding levels, private matches, and number of trainees in the most recent fiscal year for the training programs of each of the skills corporations.

The data in *Table 4* (see p. 14) indicate the different emphases of the three states. In Florida, about one-quarter of the funded projects involve multiple employers. The state provides a moderate level of funding and the corporation has a relatively high private matching rate. The program is completely within the state community college system, and only community colleges receive funding. Massachusetts provides more substantial funding, concentrates on groups of private sector sponsors, and is willing to lower private matching rates for courses that

serve broad public goals such as employing welfare recipients or training industrial wastewater plant operators. In addition, Massachusetts allows participation by a variety of training organizations. Kentucky provides a more modest funding level, maximizes private matching funds, and has a proportion of multi-employer projects lower than the other two states. Kentucky provides funding to several different types of educational institutions.

In comparing the programs, it is important to recognize that differing costs are due to a number of factors, such as the length of training, type of training, and the goals of the project. For example, Kentucky's train-the-trainer projects have high per-trainee costs because they involve travel, but the trainee then instructs co-workers. And in Massachusetts, the state funds a greater amount per person in its welfare recipient training program than in its general industry training program, reflecting the public benefits from moving people from welfare to employment.

The training programs sponsored by skills corporations occupy an interesting niche between education traditionally provided by public institutions and on-the-job training traditionally provided by private industry. As such, the programs raise intriguing public policy issues.

General and career-track education has long been a public function; and subsidies in some form that are provided to students, either directly or indirectly, are accepted by policymakers and the public. Training for a particular job within a specific company has generally, although not exclusively, been borne by that company either through in-house training or through company sponsorship of

Table 4. SUMMARY OF STATE SKILLS CORPORATIONS (1986-87)

State	Number of Grants	Percent of Grants with More Than 1 Co-sponsor	Public Grants	Private Matches	Private/ Public Funding Ratio	Number of Trainees	Total Cost Per Trainee	Public Cost Per Trainee
<i>Project Totals</i>								
Massachusetts	61	98%	\$3,284,891	\$2,945,757	\$0.90	3,316	\$1,879	\$991
Florida	13	23%	\$698,883	\$2,253,048	\$3.22	2,877	\$1,026	\$243
Kentucky (a)	53	13%	\$487,662	\$4,071,615	\$8.35	3,571	\$1,277	\$137
<i>Project Averages</i>								
Massachusetts			\$53,851	\$48,291	\$0.90	54	\$1,879	\$991
Florida			\$53,760	\$173,311	\$3.22	221	\$1,026	\$243
Kentucky (a)			\$9,201	\$76,823	\$8.35	67	\$1,277	\$137
<i>Project Medians (b)</i>								
Massachusetts			\$36,866	\$30,010	\$1.02	24		\$1,475
Florida			\$46,057	\$108,690	\$1.91	135		\$307
Kentucky (a)			\$4,080	\$12,000	\$2.14	17		\$190

(a) excludes 1,040 workers subsequently trained by employees who completed train-the-trainer instruction.

(b) one half of projects have values greater than the median and one half have values less than the median.

employees in established courses at nearby educational institutions. Industry-specific training takes this latter option one step further. Under this concept, courses are designed in cooperation with particular companies to ensure that the training provided is what the companies seek. Industry-specific training is not a new phenomenon; many states have had such programs for over 20 years. In the newer state skills corporation programs, the companies fund some portion of the training program, usually 50 percent or more, through cash payments or the provision of in-kind services or material and the courses usually cover broad skills categories, such as quality control, rather than a narrow job skill.

A principal role of vocational-technical and community colleges is to provide students with occupational skills. Administrators estimate the level and type of specific skills that will be needed in their service area, then design programs to fill those needs. Administrators often work on an ad hoc basis with local employers to identify skill needs; thus in practice, some courses may be de facto industry-specific training programs without explicit private sector support. The training programs of the skills corporations can be one way to tailor curricula to the real needs of the workplace while eliciting private matching funds.

Courses in public institutions are traditionally open to all students who meet entrance criteria, and graduates are available to all prospective employers — a strong rationale for general public support. By tailoring courses for existing or new employees of specific companies, this rationale is weakened.

The company-specific training programs thus walk a fine line between providing efficient, modern skills

development and subsidized training for a few employers. This dilemma is recognized by the skills corporations' creators and administrators. Florida's request for grant proposals, for instance, states that the "proposal should implicitly recognize that these grants are not a subsidy to selected businesses, but are applied instructional programs to enhance the knowledge of the work force."⁷ It also states, that projects "should be appealing to the broad constituency of the public whose taxes are supporting this effort."⁸

The act creating the Bay State Skills Corporation declares that "it is an important function of government to increase opportunities for gainful employment, to assist in promoting a productive and expanding economy, to encourage the flow of business and industry support to educational institutions, and otherwise to improve the prosperity and general welfare of the inhabitants of the commonwealth. Therefore, it is found that it is in the public interest of the commonwealth to...encourage and facilitate comprehensive cooperative relationships between business and industry and educational institutions which provide for the development and significant expansion of programs of skills training and education consistent with employment need, and to make interested individuals aware of the employment opportunities presented thereby."⁹

There does not appear to be an easy resolution to this dilemma, especially since few, if any, rigorous, independent evaluations comparing the skills corporation programs to other community level public training programs or to private industry training programs exist. Two types of evaluations would be helpful in determining the relative worth of the skills corporation programs. The first type — and the easiest — would be a before/after

"Forging communication and working relationships among the interests represented on the boards can be significant challenges, but success in establishing communication and cooperation seems to be an important ingredient in the overall successes of the corporations' programs."

study concentrating on the trainees. The study would focus on earnings before and after training and include any reductions in public assistance benefits. If increased earnings plus reductions in public assistance exceed public funds expended for training, the programs could be judged a "success" under this admittedly limited measure.

However, in the absence of the programs some training would be expected to occur and some workers would receive increased earnings and no longer receive public assistance. A more accurate portrait of the programs' effects would need to examine to what degree public training funds might supplant private funds, if any, that would otherwise be expended and to what degree program trainees would improve earnings and decrease public assistance payments through other means. Such a study would also need to examine courses traditionally offered through vocational-technical, community, and junior colleges, since the skills programs may actually decrease public funding if they attract private matching funds to courses that would be offered anyway, especially in states that may have had customized training programs that did not require private matching funds. Only through this type of evaluation can states determine the total net monetary benefits of a state skills corporation program.

Although there appears no way to completely resolve the dilemma between the importance of state efforts to improve the skills of the workforce and possible inefficient results of subsidizing individual companies' labor costs, elements of some of the existing programs can be used to focus the programs on broader workforce training needs:

1. *Programs can target trainees with special needs*, such as people displaced by plant closings, who lack a high school education, or who receive public assistance. By providing training to those who might otherwise have special difficulty securing employment, a stronger justification for public funding can be made. Massachusetts' program has been particularly adept at establishing programs for special populations, including displaced homemakers, public assistance recipients, the mentally retarded, people displaced by large layoffs or plant closings, and unemployed youth. Partly as a result of targeting, a summary of the first two years of the program revealed that 29 percent of Bay State's trainees were public assistance recipients and three percent were handicapped. During the latest fiscal year, about half of those receiving assistance through Bay State initiatives were in the displaced homemaker program, and one out of every nine was in the welfare program.

2. *Programs can encourage courses designed for a consortium of similar employers*, rather than courses for a single company. For example, the Sunshine State Skills Corporation has helped fund training for a consortium of five machine shops through Chipola Junior College. By broadening the scope of private sector involvement, an entire industry can be strengthened, rather than just a single company within the industry. Massachusetts in particular has pursued this strategy, averaging over seven private sponsors for each skills development course in the latest fiscal year.

3. *Courses can be designed for broad skills enhancement* beyond the particular job needs of a single company and enrollment in classes can be opened to the community at large, not just to employees of sponsoring firms. The programs' public education function is

"The company-specific training programs walk a fine line between providing efficient, modern skills development and subsidized training for a few employers."

strengthened by broadening the scope of the training so that it can be used by more students over a period of several years.

4. *The rate at which companies match public funds can be adjusted to reflect public goals.* The higher the private match, the less the public subsidy included in the program. Lower match rates might be allowed for struggling firms, courses that target training to special population groups, or courses that serve broad public goals. In Massachusetts, the standard private match requirement of at least 50 percent has been lowered when training has been provided for specific "at-risk" groups or to further public goals.

5. *Training can be included for skilled occupations that produce public benefits,* such as wastewater facility operators (environmental protection) and nursing care providers for the elderly (public health and welfare).

6. *Training courses can be designed so that they can be easily adapted for other training opportunities.* Projects that address general skills, such as quality control, and that result in training tapes or other reusable products can be used by other vocational-technical schools or adapted for use in other occupations.

The skills corporation concept marks an important evolution in state employment training policy. Whether or not other southern states form skills corporations, many of the attributes and goals employed by the existing skills corporations can be introduced into state training programs. These include greater private sector involvement, greater cooperation among state agencies, attempts to build skills training capacity in educational institu-

tions, and targeting training for people with special needs and for occupations with good growth potential, high earnings potential, and/or which serve important public needs.

Endnotes

¹ Barron, James, "Gaps in Retraining Are Seen In Era of Industrial Change," *The New York Times* 10 August 1986.

² 1986 Commission on the Future of the South, *Halfway Home And a Long Way to Go* (Research Triangle Park, NC: Southern Growth Policies Board, 1986), p. 6.

³ *ibid.*, p. 15.

⁴ Office of Economic Analysis, "Job Changers," *Oklahoma Economic News*, Volume 2, Number 12 (Oklahoma City, OK: Oklahoma Employment Security Commission, December, 1987).

⁵ Bluegrass State Skills Corporation, *Annual Report Fiscal Year 1986-1987* (Frankfort, KY: 1987) p. 21.

⁶ Other sources credit South Carolina's 1961 "Special Schools" program as the first; see, Goodman, Robert, "Free Training:" *Special For-Industry State-Subsidized Job Training Programs in Two States*, a report prepared for the National Institute of Education's Rural Vocational Education Study, 1980.

⁷ Sunshine State Skills Corporation, *Request for Proposals*, August 11, 1987, p. 1.

⁸ *ibid.*, p. 1.

⁹ "The Bay State Skills Corporation Act," *Massachusetts General Laws*, Chapter 40-I.

"A more accurate portrait of the programs' effects would need to examine to what degree public training funds might supplant private funds, if any, that would otherwise be expended and to what degree program trainees would improve earnings and decrease public assistance payments through other means."

The Associate Membership Program of the Southern Growth Policies Board

Background

The Southern Growth Policies Board is a public, interstate agency dedicated to creating economic development strategies for the South. It is supported and governed by the governors of its 12 member states and territory. They are Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, Puerto Rico, South Carolina, Tennessee, and Virginia.

The Associate Membership Program addresses economic challenges in the South by encouraging a partnership between the public and private sectors. Associate Members include corporations, non-profit organizations, and educational institutions.

Dues from the Associate Membership Program go into the Fund for the Future of the South, a permanent source of financial support for the Board. The Fund is used to carry out special projects in economic development and other areas crucial to implementing the 10 Regional Objectives proposed by the 1986 Commission on the Future of the South.

Corporations may become Associate Members by paying tax-deductible annual dues of at least \$1,000. Dues for public, non-profit organizations begin at \$250 per year. Any corporation or organization contributing \$2,500 or more is a Sustainer of the Fund for the Future of the South and receives special recognition for its support.

The Southern Growth Policies Board expresses its appreciation to all those contributors who have supported and who continue to support its work. For more information about the Associate Membership Program, please write: The Southern Growth Policies Board, P.O. Box 12293, Research Triangle Park, NC 27709. Telephone (919) 941-5145.

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